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CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS *April 23, 2018*

Market Analysis Group/Grains and Oilseeds Division
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This report is an update of Agriculture and Agri-Food Canada's (AAFC) March outlook report for the 2017-18 crop year and AAFC's perspective on the upcoming 2018-19 crop year. For most crops in Canada, the crop year starts on August 1 and ends on July 31, although for corn and soybeans, the crop year starts on September 1 and ends on August 31.

For 2017-18, carry-out stocks of field crops are expected to increase to 16.2 million tonnes (Mt). This is about 10% higher than the preceding crop year and is largely due to lower exports of peas and lentils. However, total exports of all field crops are forecast to increase marginally, from the 2016-17 level, as a 10% increase in exports of grains and oilseeds more-than offsets a 36% decline in exports of pulses and special crops. Total domestic use of field crops is forecast to decrease which is mostly due to the lower amount of durum going into feed, waste and dockage pursuant to the significant improvement in the quality of the crop compared to last year. In general, abundant world supplies of grain have pressured world prices, but the weak Canadian dollar has provided strong support to prices in Canada.

For 2018-19, the area seeded by province by crop in Canada is a major uncertainty. Across Eastern and Western Canada, temperatures remain below normal but this is not currently expected to have a significant impact on planting decisions. Expected commodity prices, input costs and perceived delivery opportunities will play a significant role in determining the mix of crops. Nonetheless, assuming trend yields, AAFC is currently forecasting a marginal increase in total area seeded and total production in Canada. Carry-out stocks are forecast to decrease as higher exports and domestic use more-than offset the slight increase in supply. World grain prices will continue to be pressured by an abundant supply of grain at the global level but the impact on grain prices in Canada will continue to be partly mitigated by the low value of the Canadian dollar. Preliminary information on seeding intentions will be provided by Statistics Canada's survey-based report to be published on April 27.

Canada: Principal Field Crops Supply and Disposition

	Area Seeded	Area Harvested	Yield	Production	Imports	Total Supply	Exports	Total Domestic Use	Carry-out Stocks
	thousand hectares		*t/ha*	*thousand tonnes*					
Total Grains And Oilseeds									
2016-2017	26,435	24,618	3.47	85,497	1,640	99,767	42,146	43,664	13,957
2017-2018f	27,142	26,321	3.26	85,746	1,951	101,653	46,403	41,450	13,800
2018-2019f	28,175	27,316	3.20	87,335	1,190	102,326	46,983	41,627	13,715
Total Pulse And Special Crops									
2016-2017	4,520	4,379	2.01	8,788	287	9,422	7,138	1,521	763
2017-2018f	3,927	3,897	1.90	7,402	253	8,417	4,576	1,476	2,365
2018-2019f	3,086	3,034	1.96	5,940	222	8,527	5,135	1,347	2,045
All Principal Field Crops									
2016-2017	30,955	28,998	3.25	94,285	1,926	109,189	49,284	45,185	14,719
2017-2018f	31,069	30,218	3.08	93,148	2,204	110,070	50,979	42,926	16,165
2018-2019f	31,261	30,350	3.07	93,275	1,412	110,853	52,118	42,974	15,760

Source: Statistics Canada (STC),
f: forecast by AAFC except for area, yield and production for 2017-18 which are STC.

Durum

For 2017-18, Canadian durum supply decreased by 23% from 2016-17. Exports are forecast to rise slightly to 4.6 million tonnes (Mt) as stronger demand from the US is mostly offset by weaker demand from the EU. The forecast for exports includes exports of 0.45 Mt which do not go through Canadian Grain Commission (CGC) licensed facilities and are not included in the CGC weekly export data, and exports of semolina of 0.04 Mt. Feed, waste and dockage is expected to fall sharply due to the lower supply and the much better average quality of the 2017-18 crop compared to the previous year. Carry-out stocks are forecast to fall by 30% to 1.30 Mt, 4% lower than the past five-year average of 1.36 Mt.

World durum production decreased by 2.8 Mt from 2016-17 to 37.4 Mt, while supply fell by 2.3 Mt to 47.2 Mt, according to the International Grains Council (IGC). Use is expected to decrease by 1.4 Mt to 38.2 Mt, as higher food use is more-than offset by lower feed use. Carry-out stocks are forecast at 8.9 Mt, a decrease of 0.9 Mt. Durum production in the US fell to 1.49 Mt from 2.83 Mt for 2016-17.

The average Canadian crop year producer price for durum is forecast to fall from 2016-17 as support from the lower world, Canadian and US durum supply is more-than offset by the better average quality of the Canadian durum crop and the stronger Canadian dollar. Durum prices have been trending downwards from the beginning of the crop year until levelling off in March. Prices have fallen by about $30/tonne (t) since the peak in mid-August 2017.

For 2018-19, the area seeded to durum in Canada is forecast to increase by 5% from 2017-18 due to lower carry-in stocks, relatively good prices and a shift out of lentils. Production is forecast to increase by 15% to 5.7 Mt as the higher area is compounded by a return to trend yields from the lower than trend yields of 2017-18, which resulted from below normal precipitation in the durum growing areas. Supply is expected to increase by 3% as the higher production is mostly offset by lower carry-in stocks. Exports are forecast to increase by 2% from 2017-18 because of stronger demand from northern Africa and carry-out stocks are forecast to rise by 15% to 1.5 Mt.

World durum production is forecast to increase by 1.1 Mt from 2017-18 to 38.5 Mt, while supply rises by only 0.3 Mt to 47.5 Mt because of lower carry-in stocks, according to IGC. Use is expected to increase by 0.4 Mt to 38.6 Mt because of higher food use and carry out stocks are forecast to be stable at 8.9 Mt.

US durum production is forecast to increase to 2.1 Mt from 1.49 Mt, assuming a return to normal moisture conditions and trend yields in the spring durum growing areas. US durum seeded area is expected to fall by 13% with all of the decrease attributable to spring durum, according to the USDA Prospective Plantings report.

The average Canadian crop year producer price for durum is forecast to fall from 2017-18 due to higher Canadian, world and US supply. The main factors to watch are crop production quantities in the Mediterranean region, where the harvest starts in April, and precipitation in the spring durum growing areas of the US northern plains and Canadian Prairies which are drier than normal and need timely rains.

Wheat (excluding durum)

For 2017-18, Canadian wheat supply rose by 5% from 2016-17. Exports are forecast to increase by 10% to 17.2 Mt because of increased supply of high quality hard red spring wheat and strong demand for that class of wheat in world markets, especially from the US. The exports forecast includes exports of 1.2 Mt which do not go through CGC licensed facilities and are not included in the CGC weekly export data, and exports of flour of 0.32 Mt. Domestic food use is forecast to increase slightly to 2.55 Mt while industrial use decreases slightly to 0.7 Mt. Carry-out stocks are forecast to rise marginally to 5 Mt, 10% lower than the past five-year average of 5.7 Mt.

World all wheat (including durum) production increased by 9 Mt to 760 Mt, according to the USDA. Supply grew by 21 Mt to 1,014 Mt due to the higher production and higher carry-in stocks. Total use is

forecast to increase by 4 Mt to 743 Mt, as higher food use is mostly offset by lower feed use. Carry-out stocks are forecast to rise by 17 Mt to 271 Mt.

All wheat production in the US decreased by 15.4 Mt to 47.4 Mt, according to the USDA. Supply fell by 8.9 Mt to 83.7 Mt. Domestic use is forecast to fall by 2.1 Mt and exports are forecast to decrease by 3.5 Mt. Carry-out stocks are forecast to fall by 3.1 Mt to 29 Mt.

Canadian wheat prices are forecast to be similar to 2016-17 as pressure from the higher world and Canadian supply and the stronger Canadian dollar is offset by support from the lower US supply. However, prices of high protein wheat are forecast to be higher due to stronger demand. Prices of high protein wheat, (CWRS 13.5 and CNHR 13.5) trended downward during harvest but recovered in November. Another downward trend started in December. Prices stabilized in February until another drop occurred in late March, in line with the lower Minneapolis futures prices, but recovered in early April. Prices now are about $30 per tonne lower than the peak in early August 2017. In contrast, prices of lower protein wheat classes (HRW, SRW, CPS and SWS) have increased since August.

Since January, US wheat futures prices have been mostly driven by concern for the US hard red winter wheat crop because of drought in the US southern plains. Rains would prevent further deterioration of the hard red winter wheat crop and the futures markets have been reacting to any precipitation. The futures prices fell at the end of March because of higher than expected US hard red spring wheat seeded area estimates in USDA's Prospective plantings report, but have recovered in early April on concerns about seeding delays for hard red spring wheat because of cold weather, which could reduce the seeded area and yields. Another area of concern is dry conditions in parts of the US northern plains and parts of the Canadian Prairies where hard red spring wheat is produced. These areas will require timely rains during the growing season.

For 2018-19, the area seeded to wheat in Canada is forecast to increase by 4% from 2017-18 as an 11% decrease for winter wheat is more-than offset by a 5% increase for spring wheat. The spring wheat area is forecast to increase because of relatively good prices for hard red spring wheat and a shift out of winter wheat and dry peas in Western Canada. Production is projected to fall by 3% to 24.3 Mt due to a return to trend yields from the above trend yields of 2017-18. Supply is forecast to fall by 2%. Exports are expected to be the same as for 2017-18 and carry-out stocks are forecast to decrease by 10% to 4.5 Mt.

World all wheat (including durum) production is forecast to decrease by 18 Mt to 741 Mt due to a lower seeded area and assuming trend yields, which are lower than for 2017-18. Supply is projected to fall by only 2 Mt 1,012 Mt due to higher carry in stocks. Total use is expected to increase by 9 Mt to 752 Mt because of growing use for food. Carry out stocks are forecast to fall by 11 Mt to 260 Mt.

All wheat production in the US is expected to rise by 2.6 Mt to 50 Mt. The seeded area is expected to increase by 3% with a 15% rise for hard red spring wheat accounting for nearly all of the total increase, according to the USDA Prospective Plantings report. The harvested area is forecast to increase by 6%, assuming a return to average abandonment for soft red winter, hard red spring and durum wheat from the higher than average abandonment in 2017-18, which resulted from unfavourable weather. The abandonment for hard red winter wheat is expected to be above average because of dry conditions in the US southern plains. The average yields are forecast to fall by 1%, with hard red winter wheat accounting for all of the decrease. Supply is forecast to fall by 1 Mt to 82.7 Mt. Domestic use is forecast to rise by 0.9 Mt and exports are forecast to be the same as for 2017-18. Carry out stocks are forecast to decrease by 2 Mt to 27 Mt.

The prices for high protein wheat in Canada for 2018-19 are forecast to be similar to 2017-18, as support from lower supply for Canada is offset by a return to normal protein premiums, which are lower than for 2017-18. However, the prices for lower protein wheat are forecast to increase.

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Barley

For 2017-18, total domestic use is forecast to remain unchanged as lower feed is offset by higher industrial use. Total barley exports are forecast to increase by 19% due to the steady total supply and lower world barley supplies. Barley carry-out stocks are forecast to decrease by 32% to 1.5 million tonnes (Mt) and remain slightly below the previous three and five-year averages. The Lethbridge In-store feed barley price is forecast to increase due to the tight total barley supply and the lower supply of other domestic feed grain substitutes.

In the past month, the Lethbridge barley market increased by $15/tonne (t) to $244/t. This is despite the March decline in the US livestock futures which have in turn softened Canadian livestock values. By the beginning of April, Lethbridge barley was trading at a small premium to feed wheat. At this time last year, the market was considering the influx of spring-threshed cereals but this is not the case this year. Compared to the Lethbridge base, both Alberta and Saskatchewan have been narrower than average while Manitoba has been wider than average, probably due to the large supplies of Manitoba and US corn.

The USDA Grain Stocks report showed March 1 US barley stocks 11% lower than 2017 and 3% lower than the previous three-year average. However, stocks are 1% higher than the previous five-year average and would be considered comfortable, based on US barley prices, lack of new crop contracting and the continuing high quality of those remaining stocks. The world feed barley market continues to post gains against the world corn market and established crop year highs by the end of March. To-date world feed barley prices are about US$30/t higher than last crop year and remain pricey when compared to corn. The higher prices have narrowed the malt premium to equal the previous five-year average. If history remains true, a price correction is overdue and is likely to occur in June.

For 2018-19, seeded area is forecast to increase 7% from 2017-18, rebounding from a record low seeded area. Production is forecast to increase 5% to 8.3 Mt due to the higher area and a forecasted average total yield. Despite higher production, lower carry-in stocks will cause total supply to decrease by 3% to 9.9 Mt. Total domestic use is forecast to increase by 1% due to higher feed and industrial use. Exports are forecast to decrease by 14% due to higher world supplies and a return to normal trade patterns. Barley carry-out stocks are forecast to increase by 3% and remain close to the previous five-year average. The Lethbridge cash feed barley price is forecast to decrease from 2017-18.

The North American barley crop is forecast to decrease in 2018-19 due to smaller crops in Canada and the US. Lethbridge cash feed barley price is forecast to decrease with a return to normal malt selection rates and tighter livestock feeding margins for both cattle and hogs.

The USDA Prospective Plantings report showed an 8% decrease in the US barley area to a record low for 2018. This was expected since there has been a further reduction in malt contracting year-to-year. Of the three large US barley states, only Idaho is showing an increase in area seeded which is up 6%. The combined area in Montana and North Dakota is down 35% from 2016 and 13% from 2017. For Montana and North Dakota, this is consistent with the malt barley contract reductions implemented by the major US brewers in the past three years. Despite a forecasted decline in barley area, high carry-in stocks of malt-quality barley for both Canada and the US will limit any major price recovery. Malt barley prices for Canada and the US are forecast to be similar to last year.

Corn

For 2017-18, total domestic usage is forecast to increase 1% due to trend increases to feeding, ethanol production and other industrial use. Exports are forecast to increase by 36% due to the higher Canadian total supply, lower world corn supply and continuing good demand from the western EU region. Carry-out stocks are forecast to increase by 5% or 2.3 Mt which is a new record level. The nearby Chatham corn price is forecast to remain

similar to last year as higher US corn futures prices are offset by a stronger Canadian dollar.

To-date, the relationship between the nearby Chatham in-store elevator price and the underlying Chicago nearby corn futures price has been very close to the previous ten-year average. However, the Chatham basis levels are well-above the previous averages. The softer Canadian dollar has allowed the quoted Chatham basis to remain positive basis from 2014-15 and forward. This compares to Manitoba, where the spot basis has been narrower than last crop year and it is running very close to the previous five-year average.

The USDA Grain Stocks report showed that March 1 US corn stocks were 3% higher than 2017, setting a new record high. However, the nearby futures price increased following that report. It may have been the lower-than expected new crop planting projection that provided most of the boost. Also, a smaller corn crop in Argentina continues to be a bullish factor. In addition, in March the world FOB corn price increased by an average of US$15/t for the four major exporting countries. For the past four crop years, the yearly average world FOB corn price has traded within a narrow range of just US$12/t.

For 2018-19, seeded area in Canada is forecast to increase by 2% from 2017-18 due to steady prices and continued good overall demand. Production is forecast to increase 3% to 14.5 Mt due to the higher area and the assumption for average yields. Imports are forecast to decrease from 1.3 Mt to 0.6 Mt due to the higher production and carry-in stocks. The lower imports suggests that total supply will decrease marginally to 17.4 Mt. Total domestic usage is forecast to increase by 1% due to slight increases in ethanol production, industrial use and livestock feeding. Exports are forecast to decrease by 9% due to a slight drop in demand. Carry-out stocks are forecast to decrease 9% to 2.1 Mt but remain above the previous five-year average. The nearby Chatham corn price is forecast to increase slightly due to a projected higher US corn futures.

The USDA's 2018 Prospective Plantings showed a 2% decrease in intended US corn area compared to 2017. However, most private traders in the US were expecting a slightly higher corn area estimate with an average estimate of 89.3 million acres. The biggest surprise was that soybean area was down by 1%. This is the first time in 35 years that US soybean area has exceeded corn area.

The US corn futures are expected to trade higher for 2018-19 based on the lower estimated US corn area, larger US livestock numbers (although tighter feeding margins), a potentially slow start to US corn seeding and a smaller world corn crop. On the bearish side, there is the possibility of a US-China trade dispute and the negative affect that could have on US agricultural exports and the value of the US dollar.

Oats

For 2017-18, total domestic usage is forecast to decrease by 5% due to lower feed use and trend human consumption. Oat grain and product exports to the US are forecast to increase by a total of 1% to the highest level in three years. Carry-out stocks are forecast to increase 39% to 0.98 Mt due to the higher total supply. The Canadian oat price is forecast to increase due to a higher forecasted US oat futures price and support from the Canadian dollar.

After declining throughout March, the Chicago nearby oat future price was able to post some small gains at the end of the month. Spot oat prices across the Prairies followed the US futures lower and a strengthening Canadian dollar also contributed to the lower prices. Continuing cool-to-cold weather across the Northern US oat states provided some support as seeding delays are expected.

The USDA Stocks report showed US total oats stocks to be 13% lower than 2017 but they are just 4% lower than the previous five-year average. The current oat stock decline is greater for on-farm stocks as higher-than average stocks have been moved into commercial position.

The US oat futures followed long-term price seasonality lower. If the trend holds then the nearby oat futures price will drift downward and end users will not return to the market until the beginning of the US cereal crop year after June 1.

For 2018-19, seeded area is forecast to increase 2% from 2017-18 due to competitive new crop pricing compared to other choices. A return to an average rate of abandonment and yield will cause Canadian oat production to decrease marginally to 3.7 Mt. However, due to 39% increase in carry-in stocks, total supply is expected to increase by 6%. Total domestic usage is forecast to increase by 2% due to higher feed use while human consumption remains flat. Oat grain and product exports are forecast to remain unchanged due to higher projected US oat area and production. Carry-out stocks are forecast to increase 23% to 1.2 Mt or above the previous five-year average due to the higher supply and slightly lower total disappearance. The Canadian oat price is forecast to decease due to a reduction in the US oat futures price.

The USDA's Prospective Plantings report for US oats showed 2018 area intentions to increase by 5% from 2017. This is the fourth lowest US oat planted area on record. With lower stocks, and only a slight increase in area seeded, the US should not experience much of a year-to-year change in their domestic oat supply. Historically, US oat area has been on multi-decade decline, the average area now is just 7% of the oat area seeded in the 1950's. For Canada, this has helped to keep oats "in the crop rotation". There has been slow, but steady, growth in exports of oat grain and strong growth in exports of oat products to the US. The use of oats for livestock feed has fallen by 40% since 2000, but feed use of barley in Western Canada and corn in Eastern Canada has been stable.

Rye

For 2017-18, total domestic use is forecast to decrease by 9% due to lower rye feeding and trend industrial use. Exports are forecast to increase by 6% due to the continuing large total rye supply and good US export demand. Rye carry-out stocks are forecast to increase by 4% to 0.17 Mt, to a 12-year high and remain well-above all short and medium term averages. Prices are forecast to increase with the general price increase to the coarse grain complex. Due to the continuing strong rye supplies, rye exports to-date have been 9% higher than last year and 14% higher than the previous five-year average. With lower US rye grains supplies and a higher US corn futures market, Canadian Prairie rye prices have recovered from their lowest level in 10 years. If prices hold for the last third of the crop year, the total average recovery will be about 30%.

For 2018-19, seeded area is forecast to decrease by 13% to from 2017-18 to 125,000 hectares which is below both the previous five and ten-year averages. Production is forecast to decrease by 15% due to the lower area and lower average yields. Despite higher carry-in stocks, the decrease in production is expected to cause supply to decrease by 9% to 0.45 Mt. However, this level is well-above the previous five and ten-year averages. Total domestic use is forecast to decrease by 10% due to lower livestock feeding and flat industrial use. Exports are forecast to increase by 3% due to the good total supply and a smaller US inventory. Rye carry-out stocks are forecast to decrease by 18% to 0.14 Mt and remain well above previous averages. Canadian rye prices are forecast to increase due to a smaller North American rye crop.

To the first half of April, early spring temperatures across the Canadian Prairies and Eastern Canada have been below normal with most regions still having snow cover. Rye is well known for its frost tolerance, high yield potential, drought tolerance and ability to perform on poorer soils types and should perform as well as any other crop under these conditions. For rye, a much clearer picture on crop year price direction will be available by the end of June as both Statistics Canada and the USDA will provide updates on area and stocks.

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Canola

For 2017-18, canola supplies are estimated at 22.8 million tonnes (Mt) as the record production is moderated by lower carry-in stocks. Domestic processing is forecast to decline marginally to 9.1 Mt as evidenced by the slowdown in the crush pace to-date for the crop year.

Exports are forecast at a record 11.5 Mt, versus 11.0 Mt shipped for 2016- 17, although farmer deliveries into Canadian Grain Commission licensed facilities are running 6% behind last year. Despite on-going concerns over rail movement of canola, inland prices remain closely aligned with port and future prices. Commercial stocks are hovering around normal levels of 1.5 Mt.

Carry-out stocks are forecast to rise to 2.0 Mt, versus 1.3 Mt for 2016- 17, which, while not burdensome, may dampen any potential mid-summer weather rally. Canola prices are forecast at $520-550/t for 2017-18, similar to last year.

For 2018-19, seeded area in Canada is forecast to increase to 9.7 million hectares (Mha) due to attractive returns compared to alternative field crops and the strong marketing pace for 2017-18.

Weather conditions are not expected to affect seeding decisions for canola at this time. Temperatures across Western Canada remain cooler than normal which prevents the start of earlier than normal seeding but is not expected to delay canola planting beyond the normal planting window.

Moisture conditions range from drier than normal across the eastern prairies, rising gradually heading westward, and are above normal to significantly above normal along the western edge of the canola belt. Moisture conditions are not expected to have a major impact on canola seeding decisions.

Production is forecast to rise to a record of 21.7 Mt versus the previous record 21.3 Mt in 2017-18, as higher area seeded more than offsets the decline in yields compared to the five-year average of 2.3 t/ha.

Total supply is forecast to increase to a record 23.8 Mt, as higher carry-in stocks complements the rise in output. Exports are forecast to increase to a record 12.0 Mt due to increased supply and strong world demand for vegetable oils and high oil content oilseeds. The rise in exports will be limited by stiff competition from the burdensome world supply of oilseeds and co-products. Domestic crush is forecast to rise slightly to 9.3Mt, as the industry operates at near capacity to service the expanding world demand for canola oil and canola meal.

Carry-out stocks are forecast to rise to 2.3 Mt for a stocks-to-use ratio of 10%. Canola prices are forecast to remain relatively stable at $510-550/t, on support from stable world vegetable oil prices.

Flaxseed

For 2017-18, supplies are estimated to decrease to 0.80 Mt due to lower output and tighter carry-in stocks. Exports are forecast to remain steady at 0.50 Mt while total domestic use falls sharply to 68,000 tonnes on significantly lower feed, waste and dockage. Carry-out stocks are forecast to decrease to 0.23 Mt. Flaxseed prices are estimated at $445-475/t, marginally up from 2016-17.

For 2018-19, seeded area for flaxseed in Canada is forecast to decrease slightly, to 0.40 Mha, as returns remain uncompetitive with alternate field crops. Production is forecast to rise to 0.60 Mt, assuming a steady abandonment and harvested area and using the five-year average historic yields. Supply is forecast to increase slightly as the rise in output more than offsets the slight drop in carry in stocks.

Exports are forecast to rise to 0.60 Mt while total domestic use falls sharply due to a drop in feed, waste and dockage. Carry-out stocks are forecast to tighten to 0.20 Mt. Flaxseed prices are forecast to remain stable at $440-480/t.

Soybeans

For 2017-18, supply is estimated at a record 8.3 Mt, up from last year's 7.5 Mt due to sharply higher production. Exports are forecast at a record 5.6 Mt, up from 4.4 Mt in 2016-17 on ample domestic supplies, a wide basis and the discount of the Canadian dollar against the US dollar. China is the major customer for Canadian soybeans for the crop year to-date, accounting for 37% of exports. In terms of key markets, China is distantly followed by Spain and Italy which account for 8% each. The Netherlands and Germany are also minor importers of soybeans from Canada.

Domestic processing of soybeans is forecast to fall marginally from last year to 1.80 Mt, under pressure from weak soymeal prices. Carry-out stocks are projected at 0.38 Mt. Soybean prices are forecast to fall to $420-450/t versus $454/t for 2016-17.

For the remainder of the crop year, the main factors to watch are: (1) proposed Chinese tariffs on imports of US soybeans, (2) US planted area, (3) South American yields, (3) South American export pace, and (4) fluctuations in exchange rates.

For 2018-19, planted area is forecast to rise by 2%, to a record 3.0 Mha, due to attractive returns in comparison to alternate crops. The shift into soybeans is aided by the normal to above-normal moisture conditions throughout most of the growing region in Eastern Canada. In Western Canada, dry conditions in the eastern parts of the region will likely prevent the planting of additional soybeans above the current AAFC forecast.

Production is forecast to rise slightly to a record 8.1 Mt due to higher area and higher average yields, which are based on a five-year average. Total supply is forecast to increase by about 5% and set a new record of slightly over 8.7 Mt. In turn, this is expected to support record exports of 6.0 Mt to a diverse group of countries. Domestic processing is forecast to rise marginally to 1.9 Mt, slightly under the record pace set in 2015-16. Carry-out stocks are forecast to fall to 0.33 Mt from the 0.38 Mt anticipated for 2017-18.

Soybean prices are forecast to decrease slightly to $415-455/t under pressure from lower US prices and the weak Canadian dollar.

For 2018-19, the USDA projects soybean area to fall by 1%, to 89.0 million acres. Compared to last year, planted acreage intentions are down, or unchanged, in 20 of the 31 estimating States. Generally speaking, the states which are projecting the largest relative decline in area seeded are located along the western and drier edge of the US soybean belt, although the largest decline in actual area occurs in Minnesota, Ohio and Kansas. Soybean area is projected to rise marginally in New York, Georgia and Virginia.

Based on the Prospective Planting Area Estimate and the USDA's Ag Forum Abandonment and Yield estimates, 2018-19 US soybean production is forecast at 4.27 billion bushels by AAFC. This production forecast, combined with an estimated carry-in of 555 million bushels, US supplies of soybeans are expected to fall marginally, to 4.85 billion bushels. Assuming a marginal increase in crush and exports, US ending stocks are forecast at 460 million bushels and the US farm-gate price for soybeans is expected to advance by 10 cents/bu to US$9.10-9.70/bu.

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Dry Peas

For 2017-18, exports are forecast to decrease to 2.5 million tonnes (Mt). India, China and the US are the three main markets for Canadian dry peas. Carry-out stocks are forecast to increase sharply, due to weaker export demand, despite lower supply. The average price is expected to fall from 2016-17, mostly due to sharply lower prices for yellow peas.

Monthly exports of dry peas have been lower than the five-year average, mostly due to reduced exports to India. Production of the winter pulse crop in India is forecast by the Government of India at a record of 15.1 Mt, up over 10% from the record crop set the previous year. If this level of production is realized, Canadian dry pea export demand is expected to remain below average throughout the remainder of the crop year.

During the month of March, the on-farm price of yellow peas in Saskatchewan fell $5/t while the green pea price rose $5/t. Green pea prices have had a $60/t premium over yellow pea prices in the month of March. For the entire crop year, green dry peas prices are expected to maintain a $40/t premium over yellow peas, compared to a $6/t discount in 2016-17.

For 2018-19, seeded area is expected to decrease sharply from the previous year to 1.3 Mha, due to lower returns relative to other crops and below average export demand. Trend yields are expected to cause production to decrease by 22% to 3.2 Mt. However, supply is forecast to increase only marginally to 4.3, due to higher carry-in stocks. Exports are expected to be higher at 2.6 Mt, and carry-out stocks are expected to decrease but remain burdensome. The average price is expected to decrease from 2017-18 due to expectations of a rise world supply.

The USDA March Prospective Planting report showed that US area seeded to dry peas for 2018-19 is forecast at 0.9 million acres, down 20% from 2017-18. This is largely due to an expected decrease in Montana area.

Lentils

For 2017-18, Canadian lentil exports (August to February) total about 0.9 Mt, sharply lower from this time in 2016-17. Crop year exports are forecast at 1.3 Mt with the United Arab Emirates, Turkey and India currently the top three export markets. Carry-out stocks are forecast to rise dramatically due to much lower export demand. The overall average price is forecast to fall due to a sharp rise in carry-out stocks.

During the month of March, the on-farm price of large green lentils in Saskatchewan decreased by $25/t while the price of red lentils fell by $15/t. The average price for large green lentils is forecast to maintain a $400/t premium over red lentil prices, compared to a record C$590/t premium to red lentils in 2016-17.

For 2018-19, area seeded in Canada is expected to decrease to 1.3 Mha, due to lower expected returns compared to the previous spring. Despite higher yields, production is forecast to decline by 22% to 2.0 Mt but supply is expected to increase by 8% to 3.15 Mt due to the significant increase in carry-in stocks. Exports are forecast to be higher at 1.8 Mt due to the rise in exportable supply. Carry-out stocks are expected to decrease but remain historically high which will pressure prices. The average price for all grades is forecast to fall from 2017-18 due to expectations for larger world supply.

The USDA March Prospective Planting report showed that US area seeded to lentils is expected to decrease by 28% from last year to 0.8 million acres. Area seeded is expected to fall sharply in Montana.

Dry Beans

For 2017-18, with higher supplies, exports are expected to rise to 345 thousand tonnes (kt). The US and the EU remain the top two markets for Canadian dry beans, with smaller volumes exported to Angola, Turkey and Japan. However, carry-out stocks are expected to rise. The average Canadian dry bean price is forecast to decrease due to the larger supply in North America. To-date (August-March), white pea bean prices are 20% lower, pinto bean prices are

25% lower and black bean prices are also 20% lower than in 2016-17.

For 2018-19, the area seeded is forecast to fall from 2017-18 to 125 thousand hectares (kha) because of lower potential returns compared to other crops. Production is expected to fall to 275 kt due to a return to trend yields. Supply is expected to fall despite higher carry-in stocks. Exports are forecast to be slightly lower with steady demand from the US and the EU. Carry-out stocks are expected to fall in North America and, as a result, the average price of dry beans in Canada is forecast to increase.

The USDA March Prospective Planting report indicated that the intended US area seeded to dry beans (excluding chickpeas) is forecast to decrease marginally to 1.4 million acres, largely due to lower area seeded in North Dakota and Nebraska.

Chickpeas

For 2017-18, a rise in demand from Turkey, Pakistan has resulted in an increase in the forecast for Canadian exports. Pakistan, Turkey and the US are the main markets for Canadian chickpeas. As a result, carry-out stocks are expected to remain low. The average price is forecast to be higher than the previous year, largely due to an average grade distribution compared to the previous year.

For 2018-19, the area seeded is forecast to rise from 2017-18 because of lower carry-in stocks and the potential for good returns relative to other crops. As a result, production is expected to increase to 145 Kt. Supply is forecast to increase sharply from last year despite the lower carry-in stocks. Exports are forecast to fall this year and carry-out stocks are expected to rise sharply relative to the previous year. The average price is forecast to be lower, due to expectations of an increase in world supply.

The area seeded to chickpeas is estimated by the USDA to rise to a record 0.67 million acres, up 7% from 2017-18. This is largely due to expectations of record area seeded in Montana and Washington.

Mustard Seed

For 2017-18, exports are expected to be similar to last year at 125 Kt. However, carry-out stocks are forecast to fall sharply due to the smaller supply. The US and the EU are the main export markets for Canadian mustard seed. The average price is forecast to rise from 2016-17 due to the tightening of supplies and the expected decrease in carry-out stocks.

For 2018-19, the area seeded is expected to decrease marginally due to lower returns compared to other crops. Production is forecast to increase by 19% to 145 Kt due to higher yields. Supply is expected to be lower than the previous year, as the increase in production is offset by lower carry-in stocks and lower imports. Exports are expected to remain stable at 125 Kt and carry-out stocks are forecast to fall. The average price is forecast to rise from 2017-18 due to lower supply and stable exports.

Canary Seed

For 2017-18, exports are expected to be similar to last year but with increased demand from Brazil. Supply is also expected to be down from 2016-17. Due to the lower supply, carry-out stocks are expected to fall sharply. The average price is forecast to fall from the 2016-17 level.

For 2018-19, the area seeded is forecast to rise marginally due to solid returns relative to other crops. Production is expected to decrease assuming lower yields than 2017-18. Supply is also forecast to decrease by 14% to 135 Kt. Exports are expected to fall with the decrease in supply, and carry-out stocks are expected to remain unchanged. The average price is forecast to be lower than the 2017-18 level.

Sunflower Seed

For 2017-18, exports are forecast to be marginally lower than 2017-18 and carry-out stocks are forecast to be higher than the previous year. The US remains Canada's main export market for sunflower seed. The average price is forecast to increase from 2016-17. Confectionery sunflower seed prices have been supported by lower North American supply but oil type sunflower seed prices have been pressured by lower US soyoil prices.

For **2018-19,** area seeded is expected to be unchanged from 2017-18 due to good returns. Production is forecast to fall to 45 kt, assuming a return to average yields. Supply is expected to increase to 130 kt and, as a result, exports are expected to rise. Carry-out stocks are also expected to rise due to higher supply. The average price is forecast to increase from 2017-18, due to higher confectionary type prices in the US and Canada, despite unchanged oil type prices.

The prospective planting of sunflower seed in the US for 2018-19 is forecast by the USDA at nearly 1.4 million acres, down marginally from 2017-18. This is largely due to an expected fall in area seeded in South Dakota. The area seeded to the oil type varieties of sunflower seed is expected to rise to 1.2 million acres while the area allocated to confectionery type varieties is forecast to fall sharply to a modern day low of 0.15 million acres.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

April 23, 2018

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g)
	thousand ha		*t/ha*				*thousand tonnes*					*$/t*
Durum												
2016-2017	2,469	2,333	3.33	7,762	11	8,873	4,534	179	2,093	2,476	1,863	275
2017-2018f	2,106	2,088	2.38	4,962	10	6,835	4,600	180	540	935	1,300	260-280
2018-2019f	2,210	2,170	2.63	5,700	10	7,010	4,700	180	416	810	1,500	245-275
Wheat Except Durum												
2016-2017	7,156	6,643	3.67	24,378	99	28,555	15,621	3,269	3,963	7,961	4,973	235
2017-2018f	7,020	6,895	3.63	25,022	100	30,095	17,200	3,250	3,889	7,895	5,000	230-250
2018-2019f	7,300	7,140	3.40	24,300	100	29,400	17,200	3,290	3,654	7,700	4,500	225-255
All Wheat												
2016-2017	9,625	8,976	3.58	32,140	110	37,428	20,155	3,448	6,056	10,438	6,835	
2017-2018f	9,126	8,983	3.34	29,984	110	36,929	21,800	3,430	4,428	8,829	6,300	
2018-2019f	9,510	9,310	3.22	30,000	110	36,410	21,900	3,470	4,070	8,510	6,000	
Barley												
2016-2017	2,702	2,266	3.90	8,839	64	10,346	2,322	86	5,614	5,902	2,122	169
2017-2018f	2,334	2,114	3.73	7,891	110	10,123	2,775	135	5,553	5,898	1,450	210-240
2018-2019f	2,500	2,240	3.71	8,300	100	9,850	2,400	136	5 599	5,950	1,500	195-225
Corn												
2016-2017	1,452	1,414	9.83	13,889	851	16,982	1,285	5,187	8,307	13,510	2,187	171
2017-2018f	1,447	1,406	10.02	14,095	1,350	17,632	1,750	5,200	8,363	13,582	2,300	155-185
2018-2019f	1,475	1,450	10.00	14,500	600	17,400	1,600	5,300	8,384	13,700	2,100	165-195
Oats												
2016-2017	1,232	925	3.49	3,231	21	4,219	2,304	172	932	1,212	703	209
2017-2018f	1,295	1,049	3.55	3,724	20	4,447	2,325	180	857	1,147	975	210-240
2018-2019f	1,325	1,075	3.44	3,700	20	4,695	2,325	180	879	1,170	1,200	195-225
Rye												
2016-2017	186	140	3.12	436	1	488	145	48	119	180	163	115
2017-2018f	144	97	3.34	324	1	487	153	49	102	164	170	135-165
2018-2019f	125	95	2.89	275	0	445	158	49	84	147	140	155-185
Mixed Grains												
2016-2017	177	62	2.83	175	0	175	0	0	175	175	0	
2017-2018f	123	54	2.77	149	0	149	0	0	149	149	0	
2018-2019f	110	55	2.91	160	0	160	0	0	160	160	0	
Total Coarse Grains												
2016-2017	5,749	4,805	5.53	26,571	936	32,209	6,056	5,493	15,147	20,979	5,174	
2017-2018f	5,342	4,720	5.55	26,184	1,481	32,839	7,003	5,564	15,024	20,941	4,895	
2018-2019f	5,535	4,915	5.48	26,935	720	32,550	6,483	5,665	15,106	21,127	4,940	
Canola												
2016-2017	8,411	8,263	2.37	19,599	95	21,785	11,016	9,191	162	9,421	1,348	529
2017-2018f	9,307	9,266	2.30	21,313	100	22,761	11,500	9,100	110	9,261	2,000	520-550
2018-2019f	9,730	9,716	2.23	21,700	100	23,800	12,000	9,300	199	9,550	2,250	510-550
Flaxseed												
2016-2017	381	342	1.73	591	17	887	500	0	128	146	240	458
2017-2018f	421	417	1.31	548	10	798	500	0	48	68	230	445-475
2018-2019f	400	395	1.52	600	10	840	600	0	20	40	200	440-480
Soybeans												
2016-2017	2,269	2,232	2.96	6,597	482	7,459	4,418	1,832	546	2,681	359	454
2017-2018f	2,947	2,935	2.63	7,717	250	8,326	5,600	1,800	351	2,351	375	420-450
2018-2019f	3,000	2,980	2.72	8,100	250	8,725	6,000	1,900	300	2,400	325	415-455
Total Oilseeds												
2016-2017	11,061	10,837	2.47	26,787	594	30,130	15,935	11,024	836	12,248	1,947	
2017-2018f	12,674	12,618	2.34	29,578	360	31,885	17,600	10,900	509	11,680	2,605	
2018-2019f	13,130	13,091	2.32	30,400	360	33,365	18,600	11,200	519	11,990	2,775	
Total Grains And Oilseeds												
2016-2017	26,435	24,618	3.47	85,497	1,640	99,767	42,146	19,964	22,040	43,664	13,957	
2017-2018f	27,142	26,321	3.26	85,746	1,951	101,653	46,403	19,894	19,961	41,450	13,800	
2018-2019f	28,175	27,316	3.20	87,335	1,190	102,326	46,983	20,335	19,695	41,627	13,715	

(a) Crop year is August-July, except corn and soybeans, for which the crop year is September-August.
(b) Imports exclude products.
(c) Exports include grain products but exclude oilseed products.
(d) Food and Industrial use for soybeans is based on data from the Canadian Oilseed Processors Association.
(e) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling
(g) Crop year average prices: Wheat (No.1 CWRS, 13.5% protein) and Durum (No.1 CWAD, 13% protein), both are average Saskatchewan producer spot prices. Barley (No. 1 feed, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBOT nearby futures); Rye (No. 1 CW, cash, I/S Saskatoon); Canola (No. 1 Canada, cash, Track Vancouver); Flaxseed (No. 1 CW, cash, I/S Saskatoon); Soybeans (No. 2 CE, cash, I/S Chatham).
Source: Statistics Canada (STC), **f**: forecast by AAFC except for area, yield and production for 2017-2018 which are STC.

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

April 23, 2018

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (c)	Carry-out Stocks	Stocks-to-Use Ratio	Average Price (d)
	thousand ha		*t/ha*	*thousand tonnes*						%	*$/t*
Dry Peas											
2016-2017	1,733	1,677	2.88	4,836	32	5,042	3,944	798	301	6	300
2017-2018f	1,656	1,642	2.50	4,112	8	4,421	2,500	821	1,100	33	240-270
2018-2019f	1,300	1,280	2.50	3,200	15	4,315	2,600	815	900	26	220-250
Lentils											
2016-2017	2,254	2,221	1.44	3,194	98	3,365	2,455	595	315	10	575
2017-2018f	1,783	1,774	1.44	2,559	50	2,924	1,300	524	1,100	60	480-510
2018-2019f	1,300	1,280	1.56	2,000	50	3,150	1,800	400	950	43	455-485
Dry Beans											
2016-2017	133	120	2.07	249	91	355	337	16	2	1	885
2017-2018f	135	131	2.45	322	110	434	345	29	60	16	710-740
2018-2019f	125	123	2.24	275	80	415	335	25	55	15	765-795
Chickpeas											
2016-2017	62	44	1.86	82	27	129	108	16	5	4	1,000
2017-2018f	68	68	1.35	92	55	152	140	7	5	3	1070-1100
2018-2019f	80	79	1.84	145	45	195	125	20	50	34	1000-1030
Mustard Seed											
2016-2017	206	195	1.21	236	10	251	124	47	80	47	660
2017-2018f	156	153	0.80	122	10	212	125	47	40	23	770-800
2018-2019f	150	146	0.99	145	2	187	125	42	20	12	810-840
Canary Seed											
2016-2017	105	95	1.48	140	0	175	153	2	20	13	485
2017-2018f	103	103	1.33	137	0	157	150	2	5	3	450-480
2018-2019f	105	101	1.29	130	0	135	130	0	5	4	440-470
Sunflower Seed											
2016-2017	28	28	1.84	51	29	105	18	47	40	62	565
2017-2018f	26	26	2.26	58	20	118	16	47	55	88	575-605
2018-2019f	26	25	1.80	45	30	130	20	45	65	100	585-615
Total Pulses and Special Crops (c)											
2016-2017	4,520	4,379	2.01	8,788	287	9,422	7,138	1,521	763	9	
2017-2018f	3,927	3,897	1.90	7,402	253	8,417	4,576	1,476	2,365	39	
2018-2019f	3,086	3,034	1.96	5,940	222	8,527	5,135	1,347	2,045	32	

(a) Crop year is August-July. Grains include pulses (dry peas, lentils, dry beans, chick peas) and special crops (mustard seed, canary seed, sunflower seed).
(b) Imports and exports exclude products.
(c) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling
(d) Producer price, FOB plant, average over all types, grades and markets.
Source: Statistics Canada (STC) and industry consultations. **f:** forecast by AAFC except for area, yield and production for 2017-18 which are STC.